

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 172 - SB 605

March 27, 2011

SUMMARY OF BILL: Creates the “*National Human Trafficking Resource Center Hotline Act*” and requires the following establishments to post a sign regarding such hotline: massage parlors, spas, or similar enterprises, regardless of whether it is required to obtain a license or permit for its operation; any restaurant, tavern, hotel, or club that is licensed to sell alcoholic beverages or has a permit to sell beer; any establishment required to be licensed as an adult-oriented establishment; any hotel, motel, or other building or establishment that has been found by a court of competent jurisdiction to be a common nuisance; airports, train stations, and bus stations; welcome centers and rest areas operated by the Department of Tourist Development; and truck stops designed for and primarily used by long-haul truck drivers. Requires such signage to be in English, Spanish, and any other language mandated by the Voting Rights Act of 1965. Each licensing authority and the Department of Labor and Workforce Development (DLWD) are required to provide notice and to post the appropriate sign on their websites for establishments to print as needed. Creates a Class B misdemeanor offense and imposes civil penalties ranging from \$250 to \$1,000 to be retained by the licensing authority.

ESTIMATED FISCAL IMPACT:

Increase State Revenue - \$7,300/ABC Fund
Increase State Expenditures - \$1,100/ABC Fund

Increase Local Revenue - \$5,200
Increase Local Expenditures – Not Significant

Assumptions:

- According to the Alcoholic Beverage Commission (ABC), there are currently 2,865 liquor-by-the-drink licensees. Approximately one percent (29) will fail to post the required sign after an initial warning resulting in a civil penalty of \$250. Recurring revenue for the ABC fund of \$7,250 ($\250×29).
- ABC will hold three hearings per year regarding the failure to post a sign as required by the bill. The minimum cost per administrative hearing is \$375 resulting in recurring state expenditures of \$1,125 ($\375×3 hearings).

- The current ABC special agents will enforce the sign posting requirement as an additional inspection item. No additional personnel will be necessary to ensure compliance. The cost to provide notice and post the sign on the ABC website will be negligible.
- There were 2,091 new beer permits issued in 2010. Estimate assumes one percent (21) will fail to post the required sign after an initial warning resulting in a civil penalty of \$250. Recurring revenue to local government of \$5,250 (\$250 x 21).
- Local governments will not require additional resources to assess or collect the additional fines resulting in a not significant impact to local government expenditures.
- According to the Department of Health, the Massage Licensure Board will be required to post the provisions of this bill and the required sign on the website. The Board may take disciplinary actions against a licensee if found in violation. Any additional costs associated with the increase in the number of investigations and contested case hearings for such violations can be accommodated within existing resources. Any additional cost for rulemaking can be accomplished during the course of a regular board meeting.
- According to DLWD, the design and posting of the appropriate sign will not require additional resources, and any additional cost can be accommodated within existing resources.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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